GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA

STARRED QUESTION NO:326
ANSWERED ON:22.12.2008
RESTORATION OF OLD PENSION PACKAGE
Gaikwad Shri Eknath Mahadeo;Yaskhi Shri Madhu Goud

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

(a) whether the Government has decided the basis for calculation of the monthly pension of beneficiaries under the Employees'Pension Scheme (EPS),1995 as reported in the Mint, dated 12 November,2008;

(b) if so,the details thereof;

(c) whether the Trade Unions have submitted any representations to the Government for restoring the old pension package for the benefit of the subscribers; and

(d) if so, the details thereof and the reaction of the Government thereto?

Answer

MINISTER OF THE STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF LABOUR AND EMPLOYMENT (SHRI OSCAR FERNANDES)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO REPLY TO PART (a) TO (d) OF LOK SABHA STARRED QUESTION NO.326 FOR 22.12.2008 BY SHRI EKNATH M. GAIKWAD AND SHRI MADHU GOUD YASKHI REGARDING RESTORATION OF OLD PENSION PACKAGE.

(a) & (b): The notification referred to by the Mint dated 12th November,2008 pertains to Notification No. GSR 688(E) dated 26.09.2008 whereby the benefits of Commutation, Return of Capital have been deleted and the reduction factor in respect of early pension has been increased from 3% to 4%.

(c)&(d): Yes Sir.The Government have taken into consideration the views reflected in the representations made to the Government and during the meeting of the Central Board of Trustees (EPF) held on 11-11-2008 wherein concerned representatives of employees were also present it was clarified that the Employees Pension Scheme would collapse if action is not taken to bridge the actuarial deficit as well as encourage the members to wait for the normal age of retirement and obtain full pension rather than opt for an early exit. Also by deletion of provision for commutation, the pensioner would not expend the amount of commutation instantly and then suffer due to a low quantum of pension. These amendments were considered necessary at this stage to arrest the increasing actuarial deficit in the Pension Fund under Employees' Pension Scheme, 1995 as per actuarial reports received in this regard.It was also considered essential to make the Scheme viable and sustainable so as to provide for the enhanced coverage of the Scheme in future.